

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7722

BILL NUMBER: HB 1647

NOTE PREPARED: May 17, 2007

BILL AMENDED: Apr 29, 2007

SUBJECT: College Head Start.

FIRST AUTHOR: Rep. Porter

FIRST SPONSOR: Sen. Lubbers

BILL STATUS: Enrolled

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *21st Century Scholars*: This bill expands eligibility for the 21st Century Scholars Program to Grade 7 students, and, beginning with the 2008-2009 school year, to Grade 6 students.

GED: The bill provides that an individual must be at least 18 or have withdrawn from school with permission to receive a GED diploma.

Graduation Calculation: The bill modifies the formula for determining graduation rates, and adds an informational five-year and six-year graduation rate determination.

Effective Date: July 1, 2007.

Explanation of State Expenditures: *21st Century Scholars*: The bill changes the grade for eligibility to enter the program from Grade 8 to Grade 7 for the 2007-2008 school year and to Grades 6 and 7 for the 2008-2009 school year. The impact will depend on whether participation in the program increases due to having 3 years to enroll instead of 2 years. The bill should not significantly increase the long-term cost of the program unless the number of students utilizing the scholarship increases significantly. In FY 2006 when the 7th grade was added the number of students enrolling in the program increased by about 5,000 students. Statewide, about 40% of students are eligible for free or reduced lunch and there are about 80,000 students per grade, so about 32,000 students are eligible for the program with about 12,000 applying currently.

The bill could increase the costs of providing information and enrolling Grades 6, 7, and 8 instead of just Grades 7 and 8 and providing services to Grades 6 and 7 to encourage students to go to college. The impact will depend on the type of information and services provided to 6th grade students. The upgrade to the

computer system is estimated to cost about \$500,000, and there could also be additional office costs of about \$200,000. The current federal grant for 7th and 8th grade students could not be used for 6th graders. The additional cost would be paid with existing resources.

Background: The General Fund appropriations for the 21st Century Scholars Program have been the following.

	FY 2004	FY 2005	FY2006	FY2007
Administration	\$2,586,443	\$4,086,443	\$2,000,000	\$2,000,000
Awards	\$15,996,500	\$18,402,449	\$18,402,449	\$19,171,429

GED: The provision that a person must be at least 18 or have withdrawn from school with permission to receive a GED diploma could reduce the number of GED diplomas granted but the number is probably minor.

Graduation Calculation: The bill defines the calculation for a four-, five-, and six-year graduation rate for schools. The four-year graduation rate calculation is the number of students graduating in a year divided by the number of students in the graduating class who were enrolled in the 9th grade after adjusting for the number of students who entered and left the graduating class. The bill also provides for a calculation of a five-year and a six-year graduation rate. Setting the method of determining the graduation rate should have no fiscal impact on the state.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Student Assistance Commission; Department of Education.

Local Agencies Affected: Local schools.

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.